



Report and Financial Statements

Year ended 31st March 2021

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

For the year ended 31 March 2021

Chairman's Foreword

The Trust was pleased to welcome a new Executive Director during the year. Amanda Bryan comes with a wealth of experience of forestry, the public and voluntary sectors and the management of contracts.

The advent of a new Director has provided the impetus to carry out a 'spring clean' of the Trust's activities and to update some of our policies and procedures. As a consequence, we have engaged new legal advisers and some changes have been made to the Trust's rules and operating procedures to ensure that we remain compliant with OSCR rules and guidance and the principles of good governance.

The ongoing Covid 19 situation continued to have an impact. Like many other bodies, the Trust has become accustomed to holding meetings of the Board of Trustees online and institutions, organisations and individuals have found it more difficult to complete some projects and to make new applications. However, we were still able to provide funding of £72,361 during the year to 13 existing projects and to commit £53,435 to 2 new projects.

Our portfolio of investments was valued at £3,051,643 (including cash held by the investment manager) at the year end and, against the background of the impact of Covid on the economy and financial markets, still delivered £77,816 of income during the year. Trustees have maintained a prudent approach to the Trust's finances and, as a consequence, the Trust has a significant cash reserve with which to supplement the income from our investments. With advice from our portfolio managers, Brewin Dolphin, we have agreed to adopt a total return approach to the management of the portfolio in future.

We said goodbye to Michelle Pinard during the year, a valued Trustee who ably chaired the Projects and Research Committee, and we carried out a skills audit of the current Trustees to inform our planned recruitment on new Trustees in the coming year.

Our objectives for the coming year include a review of the approach we take to determining which projects to fund, with consideration of a more proactive approach to prioritising specific areas of interest. We also intend to seek further partnerships with other potential funders as a way of increasing our impact.

I am grateful to our new Director and to all the Trustees for their continuing support and willingness to give of their time to ensure that the Trust is well governed and uses its resources wisely.

Dr R McIntosh

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021

Reference and administrative information

Trustees

Dr R McIntosh, Chair
Dr M A Pinard, Chair of the Projects and Research Committee (Resigned 31 December 2020)
Prof J Grace, Member of the Projects and Research Committee
Dr K Kirby, Member of the Projects and Research Committee (Chair of PRC from 1 January 2021)
Prof Simon Leather, Member of the Projects and Research Committee
Dr H McKay, Member of the Projects and Research Committee
P Gordon-Duff
J M Gibson
A R Browne
E Balfour
Prof P Atkinson

Director

A Bryan MICFor (from 1 August 2020)

Registered Office

59 George Street, Edinburgh, EH2 2JG

Website

www.scottishforestrytrust.org.uk

Charity Number: SCO08465

Auditors

Chiene + Tait LLP, Chartered Accountants & Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL

Bankers

Adam & Company, 25 St Andrew Square, Edinburgh, EH2 1AF
Virgin Money, 9 Castle Street, Edinburgh, EH2 3AH (until 31 December 2020)

Legal Adviser

Anderson Strathern, 1 Rutland Court, Edinburgh, EH3 8EY (from 2 October 2020)

Investment Managers

Brewin Dolphin, Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

Acknowledgement

The Chairman and Trustees wish to gratefully acknowledge the generosity of all our donors to the Trust's funds this year.

The Trust received donations and legacies of £370 during the course of the year. Thanks to A.Gunn and R.Scott for their support.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Objectives of the Trust

The primary objective of The Scottish Forestry Trust is to support forestry in the United Kingdom where forestry is defined in the widest sense to include production and use of all forest products and its contribution to landscape, recreation, wildlife, the environment and rural development.

The Trust can support projects in all of the forestry related sciences but preference is given to proposals that address industry needs related to policy formation and execution, to broad management questions as well as to studies of an applied nature where the scientific, technical and economic information and benefits are more immediately available to the profession. Notwithstanding that, fundamental work with the potential to resolve outstanding problems, or reveal new opportunities, is also supported. Overall the Trustees take a flexible approach and are open to discuss any new projects within the above scope.

The objectives of the Trust continue to be met fully through grant aiding projects on research, education and training in their broadest sense using the Trust's investment income. A proportion of the activity provides education and training opportunities for post-graduate students, and this remains a focus for the future. All supported projects contribute to improved scientific and technical information and in addition help to make the general public more aware of the many benefits from forestry.

Grant making criteria

The Trust invites applications from research institutes and individuals normally three times a year, depending on funding availability. Eligibility criteria for both the Trust's general funding assistance and for applications to the Bursary Award Scheme are made available through the website at <http://www.scottishforestrytrust.org.uk/applications.asp>

The Trust's Projects and Research Committee considers all eligible applications and then makes recommendations to the full Board of Trustees to approve, defer or reject the applications received. The Projects and Research Committee also monitor the progress of successful applications through regular written progress reports by the applicant. Staged payments are only released on receipt of satisfactory progress reports.

Trustees take a flexible approach to the range of projects we can assist and have published broad criteria for both project eligibility and the levels of grant that applicants might expect from the Trust should their application be successful.

Activities and Achievements

A list of projects supported since the Trust started providing grant aid in 1986 is provided on our web site <http://www.scottishforestrytrust.org.uk>. The current portfolio of projects, as reported later, continues to be strong and varied in content. This always places considerable pressure on the Trust's resources and we are particularly grateful to the Forestry Commission, Scottish Forestry and Natural Resources Wales (and their predecessor bodies), who have provided financial support to enable us to assist PhD and MSc students through our Bursary Award Schemes and to Tilhill Forestry and QBE Business Insurance for providing additional resources to support research into reducing risks in forest and woodland establishment.

We continued to update our website through which we disseminate project updates and summaries of recently completed projects and have now added functionality to allow for online donations to be made. Our e-newsletters continue to be a regular feature and are available to those who sign up to receive it through our website. It is aimed at both promoting the work of the Trust more widely and in stimulating interest in our projects by the research community.

Details of how to apply for grant assistance, together with the relevant application forms and guidance notes, are available on the Trust's website.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

How our supported projects have performed

The outcomes of the Trust's work supporting research include the education of future researchers, the dissemination of knowledge through making research findings known and the funding of significant new avenues of research in forestry throughout the United Kingdom.

During the year, we spent £72,361 on staged payments to projects where commitments had already been made. We approved future commitments of £53,435 to two new projects which will take place in the coming years. One project was cancelled due to COVID-19 and several were rescheduled with future commitments now totalling £171,914 with payments to them continuing to 2026 for some projects.

Trustees are pleased with the progress achieved during the year, even in light of the impacts on project delivery of the COVID-19 pandemic restrictions, as the following project updates clearly demonstrate.

Information on all our approved projects can be found at <http://www.scottishforestrytrust.org.uk/projects-in-progress>. A summary of projects both completed and approved in year is provided below along with details of ongoing projects.

Completed Projects

Who will pay for Urban Forest Climate Regulation Services? (Southampton University/ Forest Research)

This PhD research project is a collaborative undertaking between the University of Southampton and Forest Research to analyse the extent to which Payments for Ecosystem Services (PES) schemes can promote investment in urban woodlands as a means of minimizing the impacts of climate change in built-up areas. The studentship was completed in 2020.

Assessing the Risk of Chemical Run-off Following the Use of Gazelle SG as a Pre-treatment and Top-up Spray in Forestry (Forest Research)

Acetamiprid is increasingly being used in UK forestry as the primary insecticide treatment for protecting young trees from damage by *Hyllobius abietis*. While the precautionary measures that are employed for insecticide treatments in forestry are considered to be more than sufficient to protect the freshwater environment, no monitoring data for acetamiprid are available to underpin this case. This research was undertaken to confirm whether there was indeed no runoff of acetamiprid to water following application. Should runoff be detected a follow up study would be commissioned in order to recommend changes to practice to minimise risk. This project was completed in 2020.

Multi-taxa Functional Diversity in UK Plantation Forests (Edgehill University)

This PhD Bursary supported research into the functional diversity in UK plantation forests. The research investigated changes in species and functional diversity of three taxonomic groups (ground dwelling beetles, ground vegetation and birds) over a 20 year period and assessed resilience of these taxa to harvesting disturbances across bioclimatic zones and forest types.

This project while completed in 2019 received its final payment in 2020.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Ongoing Projects

Development and Publication of Tree Work Guides (Arboricultural Association)

This project is being carried out by the Arboricultural Association and will create a suite of supporting technical guides which will provide detailed, practical guidance for arboricultural operatives. Building on the recent development of the Industry Code of Practice for Arboriculture, the guides will describe "industry good practice" and will support training programmes and provide the benchmark standards for a range of practical arboricultural operations. The guides will be designed to be accessible to operators with high quality photographs and illustrations.

The initial timetable saw the guides available in 2019 but this has been extended to late 2021.

Improving Biodiversity in Lowland Planted Woodlands (Falkland Stewardship Trust)

Woodlands planted on arable land and improved pasture fail to develop woodland plant communities and remain dominated by grass and agricultural weeds; even in old woods. This severely limits their biodiversity value, including impacts on some invertebrate populations; and reduces the amenity and recreational appeal of the woods. This can be addressed via careful introductions of missing woodland plant species aimed at simply establishing small viable populations that can colonise the wood over time. There are a few trials of woodland plant introductions in Scotland and England; but none have used this approach and are suitable for long term monitoring and research. The Research Objectives are to a) Establish long term demonstration sites to test the feasibility of introductions, provide evidence of outcomes, refine methodology and seek cost-effective approaches and b) Arrange training events focused on good conservation management of lowland planted woods. Carried out by Dr. Rick Worrell in association with the Falkland Stewardship Trust.

This project has been extended and is now due for completion in 2022.

Mapping impacts of *Phytophthora austrocedri* in juniper (Center for Ecology and Hydrology)

A key component of resilience of forest ecosystems to pathogens is understanding environmental and ecological processes that favour establishment and spread for effective targeting of mitigation methods. Such conditions are poorly described for new oomycete *Phytophthora* pathogens that are damaging forest ecosystems in Britain. *Phytophthora austrocedri* is now known to be causing extensive dieback of Juniper, a declining UK Biodiversity Action Plan priority species, in Scotland and northern England. This project aims to (1) determine how topography, climate, hydrology and host community structure interact to favour disease establishment and spread from field scale to landscape and regional scales (2) understand how conditions favouring juniper population persistence interfaces with conditions favouring disease establishment and (3) develop spatial tools that map *P. austrocedri* impact on juniper populations for geographical targeting of conservation and biosecurity measures. Carried out by the Centre for Ecology and Hydrology; Forest Research and the University of Cambridge,.

This project is due to be completed in 2021.

Predicting Impacts of Extreme Weather Events on UK Forests (Stirling University)

This research will integrate new and existing tree-ring data on *Picea* and *Pinus* species to deliver a predictive understanding of the change in tree risk, resistance, recovery and resilience to drought, in the dominant commercial conifer species in the UK. Industry outputs will include dissemination via forest industry forums, maps, and probabilistic risk and vulnerability functions which will be integrated into the decision support systems (including the online Forest Research DSS system) available and widely used by UK forest managers. Academic outputs will include scientific articles and conference presentations.

The project is due for completion in late 2021.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Alternative Techniques for Managing *Hylobius abietis* (Forest Research)

The large pine weevil (*Hylobius abietis*) is the most serious pest of newly planted or naturally regenerating woodland trees on restocking sites in Scotland and the rest of the UK and Ireland. The need to find alternatives to the use of existing insecticides or a fallow strategy have led to a 10 year, collaborative research effort across the UK forest industry involving Forest Research, UPM Tilhill, Maelor Nurseries, Forest Enterprise England, Forest Enterprise Scotland, Natural Resources Wales, the Northern Ireland Forest Service, Coillte, Confor, Scottish Woodlands, and Swansea University, along with a range of other important stakeholders. This research will investigate a range of innovative techniques for the integrated management of *Hylobius abietis*. The objective of this project is to produce a number of open access, independently peer reviewed scientific papers to report on this research, and to provide an evidence base for decision makers in the sector considering options for managing *Hylobius abietis*, and for stakeholders interested in the rationale for current forest practices.

The project was subject to delay and will now be completed in late spring 2021.

Improved Pretreatments and Fractionation of Soft and Hardwoods to Access Feedstock Chemicals – University of St Andrews

The purpose of this PhD research study is to develop improved pretreatments for Sitka spruce co-products in order to deliver high quality lignin and fermentable sugar streams. Fractionation protocols for lignin derived from Sitka spruce and from softwood and hardwood co-products will also be assessed and finally, aromatic monomers derived from the lignins will be optimized in the production process.

The research will conclude in 2024.

Improving Outcomes in Montane Woodland Restoration

This project led by Stirling University as part of a wider consortium relates to a research studentship which will investigate how exploiting microsite factors, mycorrhizal associations and natural regeneration potential can be used to improve the outcomes of montane scrub restoration projects in Britain. It intends to aid the development of conservation management techniques which will create healthy and sustainable upland tree populations, thereby facilitating the long-term resilience of this biodiverse habitat and the expansion of the treeline ecotone. Industry outputs will include dissemination via the Montane Scrub Action Group and recommendations to be incorporated into management plans and Best Practice guidelines for land owners undertaking mountain woodland conservation. Academic outputs will include scientific articles and conference presentations.

The project will conclude in 2025.

Assessing Uncertainty to Improve Urban Tree Management

This research project which is a partnership between the University of Southampton and Forest Research focuses on urban trees which provide numerous benefits to urban society, including air pollution removal, building energy conservation, urban climate regulation, and access to nature. Urban tree managers and government agencies are interested in assessing the magnitude and socially equitable distribution of urban tree benefit delivery, and building resilience under a changing climate. However, a national picture of urban forest cover, composition and quality does not exist. At the city scale, such information is occasionally available through local uptake of "i-Tree" tools. This PhD studentship project aims to critically examine urban forest sampling protocols with a view to optimising i-Tree Eco surveying. By clarifying the surveying effort required and maximising output accuracy the project aims to increase the opportunity for cities to gain the inventory data required for evidence-based policy creation, and development of management strategies that maximise delivery of tree benefits to urban society.

The project will conclude in 2023.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Wild Service (*Sorbus torminalis*) Provenance Trial

Woodland Heritage will run a trial to test different provenances of *S.torminalis* for survival, growth and stem quality in order to provide recommendations for silvicultural practice. The work undertaken will include creation of a survey protocol to guide measurements and monitoring to be carried out at regular intervals during the first phase of this project, with survival with early growth analysed after one, three and five years. By the end of the first phase, there will be clear outcomes emerging as to the best performing provenances out of nine selected from the UK and Europe. The results of this research will be disseminated to industry bodies and publications directly and online for wider consumption, representing the only provenance trial for Wild Service Tree ever to have been undertaken in Britain, which will help raise the profile and potential of this under-used but potentially remunerative hardwood.

The project will conclude in 2023.

Untapped Provenances of Sitka Spruce (Forest Research)

This aim of this research project undertaken by Forest Research is to determine the variability in growth and wood properties between 25 Pacific Northwest seed origins of Sitka spruce growing in northern Scotland. This will be achieved through destructive sampling and the subsequent accurate measurements of radial growth and wood properties on wood discs. In addition to providing an overview of the ecological and market suitability of a wider range of provenances than has been considered before in the UK, the results will be used to inform tree breeders and growers of the potential to incorporate a wider range of material into the current breeding population of Sitka spruce in the UK.

The project will conclude in spring 2021.

Securing Good Quality Acorn Supply in the United Kingdom (Future Trees Trust)

This research led by the Future Trees Trust recognises that the 'Boom and Bust' (masting) patterns of acorn production have significant economic impacts: it results in an unreliable annual supply of well-adapted and high-quality acorns to forestry, while there is a high demand every year. Shortages are problematic since recalcitrant seeds cannot easily be stored, imported seeds may be of an unsuitable provenance and pose biosecurity risks. The aim of therefore of this research studentship is to investigate the highly variable acorn production by native oak in the UK, so as to inform seed supply industry and seed stand management. It will aim to answer the questions: 1. What is the (historic pattern) of masting and mean acorn production in the UK at the seed zone level? 2. When, and at what phenological stage is seed development currently halted (i.e. what are the premature abscission rates at each phenological stage)?

The project will conclude in 2024.

Dynamic Conservation of Genetic Diversity in Juniper (Centre for Ecology and Hydrology)

The Centre for Ecology and Hydrology leads this consortium research studentship project which will address fundamental gaps in the understanding of levels and management of genetic diversity in Juniper in the UK, and to translate that into conservation measures via the EUFORGEN dynamic conservation framework. The supervisory team has already established an excellent baseline dataset and research platform from which the studentship can make rapid advances. The project will aim to:

1. Characterise genetic diversity in natural populations
2. Quantify adaptive genetic variation in experimental populations
3. Translate research findings into guidance for management and restoration

This research will contribute to the long term protection of genetic diversity Juniper (*Juniperus communis*) which is under severe pressure in the UK due to its highly reduced and fragmented population size, low regeneration rates, climate change and the arrival of a novel pathogen, *Phytophthora austrocedri*.

The project will conclude in 2023

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Cancelled Projects

Industry Fund – Developing a Research and Development Prospectus (Confor Ltd)

Following on from work previously supported by SFT Confor is now seeking to develop a prospectus for the Research and Development stream of the proposed Industry Fund. The project would see two workshops being organised, one in the north and one in the south of the UK, bringing together industry people from across the sector with research providers to identify research priorities that meet industry needs. The output from these two workshops would be analysed and a proposed 3-year programme of work produced, with best estimate of costs, that could be consulted upon and included in the Business Plan for the Fund that would be put to industry to vote on whether a Fund should be introduced or not.

This project was cancelled due to restriction arising from the COVID-19 pandemic. An alternative route was taken with the future development of the fund.

New Projects

Enhancing Integrated Pest Management in Forestry

This Bursary project is being undertaken by a member of the Forest Research team and will evaluate the use of entomological IPM in forestry, using case studies to identify drivers and barriers to successful implementation; the case studies will focus on the great spruce bark beetle (*Dendroctonus micans*) and the large pine weevil (*Hylobius abietis*). The results will be used to make recommendations to enhance forestry management practice.

This project will run from 2020 through to 2026.

Woodland to Workshop Course

The Association of Scottish Hardwood Sawmillers (ASHS) will be running a 3 day training course (for 12 people) bringing together young professionals from across the home grown hardwood (and premium softwood) industry (foresters, sawmillers, woodworkers etc.) to learn about all aspect of the industry, and to build links with other professionals, increasing links, mutual understanding, trade and collaboration across the industry to its benefit. This course is the first of its type run in Scotland but mirrors the highly successful course run 26 times by Woodland Heritage in England.

This project originally planned for 2020 will now take place in autumn 2021.

Awards

In 2011, we introduced two new awards. The Scottish Woodlands Student Excellence Award, which is given in recognition of a high quality, relevant piece of work produced by a Trust supported student. The award is a cash sum of £400. Secondly, the Dr Cyril Hart Memorial Award is awarded to recognise the most relevant, informative and well written paper, book or work, which has significant impact on silvicultural practice. In this Financial year the Trustees undertook a review of how these Awards were assessed and they will each move to a bi-annual award with the Scottish Woodlands Student Excellence to be awarded in 2021 and the Dr Cyril Hart Memorial Award to be presented in 2022.

Financial review

Financial information

During the year the Trust's income amounted to £95,586 (2019/20: £102,698). After deduction of expenses, and before realised and unrealised gains on investments, the net incoming resources amounted to £388 (2019/20: net incoming resources of £6,966). The market value of investments has increased over the year from £2,570,091 to £3,006,927 (ex-cash) with the increase attributed to a bounce back from the initial market reaction to COVID 19 Pandemic, see below.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Investment policy

The investments held by the Trust are invested with the investment objective to generate income for the support of charitable beneficiaries as well as protect the real value of the capital over the long-term. The investments are aligned to the charitable purposes of the organisation and the investment policy is reviewed on an annual basis with the investment manager.

At the end of the year, the investment portfolio was valued at £3,051,646 (£3,006,927 ex-cash). This is a marked recovery since the drop in investment portfolio value at the end of March 2020 which was due to initial market reaction to the COVID-19 pandemic. Over the year, the sum of £77,704 was received in income, which is lower than in previous years due to a reduction in dividends paid during the year. In light of experience in 2020 the Trustees have now moved to a Total Return approach reducing our reliance on dividends for income which should increase resilience both of the portfolio and of income in the longer term.

Risk Management

The Trustees have a formal risk management matrix and disaster recovery plan in place, which is reviewed by Trustees at least annually. During the year, Trustees reviewed our risk classification with our investment managers in order to ensure that our portfolio continues to be managed appropriately.

There are three main risk areas: -

Financial – The Trustees consider variability of investment returns on our portfolio as the most critical risk and in response to that, the Trust has a formal “Investment Policy Statement” (IPS) with our Investment Managers with which we review the basis of how our investment portfolio is being managed with due consideration to the Trust’s aims and objectives. The IPS is reviewed by Trustees every three years and was formally reviewed in early 2021. Trustees also formally consider the annual target income level, and in 20/21 reduced our income requirements to take account of the impact of COVID-19 pandemic which we were able to do due to healthy cash reserves; the performance benchmarks used and the level of risk that Trustees are prepared to accept in terms of our managed investment portfolio. Trustees regularly take professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospects for future capital growth. Brewin Dolphin Ltd manages the Trust’s investment portfolio.

Reputational – It is important to the Trust that high quality standards are upheld in both the applications and progress reports we receive so that our reputation as an organisation that supports authoritative research is maintained. To that end, we provide full application details and guidance notes on our website and give applicants clear guidance as to what to do following approval and particularly if there are problems with delivery of the project. As a result, the failure rate of approved projects is minimised.

Personnel – The Trust is only able to maintain the quality of its services through the tireless hard work of the Trustees and in particular, the work of the Trustees who form the Projects and Research Committee. Up until now Trustees will normally serve for a period of ten years and we have ensured that at no time do more than two Trustees retire in any one year so that we can maintain continuity of expertise. It is intended that this will change to two terms of 6 years and the trust Rules have been adjusted to reflect this. In addition, the Director and Chair of the Trust will not leave post at the same time so that business continuity can be maintained at all times. A new Director, Amanda Bryan, was appointed in August 2020. She brings considerable expertise in governance and project management to the organisation.

The Trust has introduced a Fraud Policy and Fraud Action Plan in line with best practice standards required of all Charities. In addition, and in recognition of the new data protection requirements under the GDPR, the Trust have considered and approved measures to ensure compliance with the new regulation.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Reserves Policy

Grants are paid out of investment and other income after deduction of administrative expenses. Revenue surpluses brought forward from previous years are available if there is a shortfall.

Trustees have reviewed the need for a formal reserve and have concluded that it would be prudent to hold a cash reserve of £30,000, being the sum required to maintain the functioning of the Trust for a period of one year. Any outstanding payments to approved projects would be paid from unrestricted capital funds should there be a significant shortfall.

COVID Pandemic

Throughout the Financial Year 20/21 there was continued fallout from the COVID 19 Pandemic. The Director largely worked from home, making trips to the office only when travel was allowed and only for essential purposes. Some projects experienced delays due to lack of access to labs and limited ability to gather field data resulting in payments being rescheduled. There was also a fall-off in new applications although enquiries have started to increase from the start of 2021. The biggest impact has been to the Investment Funds under management. While all capital losses experienced in March 2020 have been recovered there was an effect on income in year as previously set out in the Financial Review section above. As a result the Trustees have reviewed their Investment Policy Statement and are moving from April 2021 to a Total Return approach which will increase financial resilience.

Plans for the Future

Trustees are committed to securing the long-term future for the Trust in order that it can continue into the future supporting research, education and training in UK forestry in accordance with its objectives. During the year, financial commitments have been made to new projects totalling £53,435 which added to existing commitments brings the forward commitments to £171,914 and this sum will progressively be disbursed over the next five financial years. Careful management of the Trust's portfolio supplemented by additional fundraising activity will ensure that we are able to meet these obligations.

Recognising that pressures on research budgets are intense whilst the demand for research, education and training in forestry increases, Trustees are conscious that demand for funds from the Trust is likely to increase in the coming years. With that in mind, we will continue to strive to generate additional income from other private sources over the coming years, including where possible, projects which offer the prospect of shared future IP rights. We will also continue to seek strategic alliances with other organisations, in much the same way as we have with the Forestry Commission, Scottish Forestry and Natural Resources Wales and Tilhill Forestry in order to deliver our Bursary Award and other schemes. The Trust will be undertaking a Strategic Planning exercise in 2021 and will prepare a new 5 Year Plan based on this work. It is anticipated that at this time we will be actively seeking new funding partners.

Structure, Governance and Management of the Trust

The Scottish Forestry Trust is a charitable trust (Registered Charity No SCO08465) and was established in 1983 by the generous gift of share capital of the Scottish Woodland Owners Association Ltd (SWOAC). In June 1986, the Trustees of the Scottish Forestry Trust received an offer from the management of SWOAC to purchase the shareholding and in December 1986, the Trust received a cash sum of £1.52 million, which has since been invested to produce an annual income. The inclusion of the word 'Scottish' in the Trust's name reflects the source of the original funding from Scotland's Woodland Owners Association who were happy for the Trust's remit to cover the whole of the UK.

Trustees are currently appointed for a period of 10 years with an option to review at 5 years depending on individual circumstances. Continuity of expertise is important to the Trust and so appointments and hence retirements are staggered to ensure that experience and historical knowledge is retained for as long as possible. In replacing Trustees, care is taken to replicate skillsets in so far as is possible, in order to retain the breadth of knowledge necessary to deliver our funding support consistent with our Deeds.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

On appointment, new Trustees are given an induction pack consisting of a copy of the Trust's Deeds and Rules, the last set of accounts; a historical document describing the Trust's achievements and aims; a project listing and copies of application forms and a copy of the latest guidance from OSCR on their role as a Trustee within a charity. The new Trustee is then invited to the formal Trustees' meeting in December as an observer so that they get a flavour of the work of the Trust. Their appointment then commences formally in January of the following year. All Trustees are given the opportunity to attend charity briefing events held by our fund managers and auditors.

The Board of Trustees has the sole power to make decisions for the Trust. Full meetings of the Trustees are held three times per year. The Director is responsible directly to the Chairman for the day-to-day organisation and management of the Trust's business. In appointing Trustees, attention is paid to experience, gender and to maintaining a balance on the Board among landowners/forestry owner members, processor representatives, economics expertise, and professional forestry, investment and academic expertise. This balance has worked well in formulating objectives and reaching decisions appropriate to these objectives as well as providing experience and expertise necessary to the effective operation of the Trust.

At the Trustees' meetings, the Trustees agree the broad strategy and areas of activity for the Trust including consideration of recommendations for grant approvals, investment policy, risk management, marketing and promotion planning, and general performance.

Trustees give freely of their time. In the case of the Chairman and members of the Projects and Research Committee, this is in excess of ten days per person each year, and no Trustee remuneration was paid during the year, although out of pocket expenses to attend meetings was reimbursed.

Biographical notes on the Trustees active during the year can be found on the Trust's website at <http://www.scottishforestrytrust.org.uk/about-the-trust.asp>.

The Trust reviewed its Rules in 2020 and new Rules were approved and will apply from April 2021.

Key Management Personnel Remuneration

The Trustees consider the Board of Trustees and the Trust's Director as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis.

The Trust's Director is the sole part-time employee and full disclosure of salary is given in note 7 to the financial statements. Pay levels are considered at Trustees meetings on an annual basis and decisions are made on the appropriate level of pay for the coming year. Our auditors, Chiene + Tait LLP, handle all transactions in relation to salary payments on behalf of the Trust.

In line with Government requirements for auto enrolment, the Trust has set up a pension scheme which is available to any staff member if they choose to do so.

Statement of Trustees' Responsibilities:

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2021 (Contd.)

Statement of Trustees' Responsibilities (Contd.):

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the charity's trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Trustees

Date: 12 / 8 / 2021



Dr R McIntosh

Date: _____

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account) For the year ended 31 March 2021

	Notes	Restricted Funds	Unrestricted Funds	2021 Total	Restricted Funds	Unrestricted Funds	2020 Total
		£	£	£			£
Income and endowments from							
Donations and legacies:							
Donations		-	370	370	-	2,214	2,214
Charitable activities							
Grant income		17,400	-	17,400	-	-	-
Income from investments	2	-	77,816	77,816	-	96,736	96,736
Other income		-	-	-	-	3,748	3,748
Total income		17,400	78,186	95,586	-	102,698	102,698
Expenditure							
Expenditure on raising funds:							
Investment management costs	3	-	17,896	17,896	-	19,487	19,487
Promotion costs	3	-	2,747	2,747	-	2,724	2,724
Expenditure on charitable activities:	4						
Research		19,978	46,824	66,802	(10,770)	79,616	68,846
Education		-	7,753	7,753	-	4,675	4,675
Total expenditure		19,978	75,220	95,198	(10,770)	106,502	95,611
Net income/(expenditure) before gains/(losses) on investments		(2,578)	2,966	388	10,770	(3,804)	6,966
Net gains/(losses) on investment assets	9	-	470,060	470,060	-	(315,734)	(315,734)
Net income/(expenditure) and net movement in funds		(2,578)	473,026	470,448	10,770	(319,538)	(308,768)
Reconciliation of funds							
Total funds brought forward		80,905	2,582,521	2,663,426	70,135	2,902,059	2,972,194
Total funds carried forward		78,327	3,055,547	3,133,874	80,905	2,582,521	2,663,426

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 16 to 24 form part of these financial statements.

The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2021

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	8	536	-
Investments	9	3,006,927	2,570,091
		<u>3,007,463</u>	<u>2,570,091</u>
Current Assets			
Bank	10	302,259	292,897
Debtors	11	6,402	7,693
		<u>308,661</u>	<u>300,590</u>
Creditors: amounts falling due within one year	12	(101,734)	(139,545)
Net current assets		<u>206,927</u>	<u>161,045</u>
Total assets less current liabilities		3,214,390	2,731,136
Creditors: amounts falling due after more than one year	13	(80,516)	(67,710)
Net assets		<u>3,133,874</u>	<u>2,663,426</u>
Represented by:			
Restricted funds	14	78,327	80,905
Unrestricted funds	14	3,055,547	2,582,521
		<u>3,133,874</u>	<u>2,663,426</u>

Approved by the Board of Trustees on _____ and signed on its behalf by:

Dr R McIntosh Chair

The notes on pages 16 to 24 form part of these financial statements

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

1. Accounting Policies (contd.)

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities

Income recognition

All income is recognised once the Trust has entitlement to the income, there is sufficient certainty or receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included upon notification of the interest paid or payable by the bank.

Donations and legacies

Donations and legacies are recognised when they have been communication has been received of both the amount and expected settlement date.

Grant income

Grant income receivable is recognised when communication of the grant has been received confirming both the amount and settlement date. In the event that a grant is subject to conditions that require a level of performance before the Trust is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Trust and it is probable that those conditions will be fulfilled in the reporting period.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measure reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the Statement of Financial Activities.

Grants

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside of the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

1. Accounting Policies (contd.)

Expenditure allocation

Where possible, expenditure has been charged direct to charitable expenditure, cost of raising funds or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Costs of raising funds comprise investment management fees and promotion costs.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Value Added Tax

The Trust is not registered for Value Added Tax and accordingly expenditure is stated gross.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in Statement of Financial Activities immediately. Any reversals of impairment are recognised in Statement of Financial Activities immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

2. Income from investments

	2021 £	2020 £
Investment income:		
UK listed investments	77,704	96,326
Interest on cash deposits	112	410
	<u>77,816</u>	<u>96,736</u>

3. Cost of raising funds

	Grant funding £	Support costs £	2021 £	2020 £
Promotion	-	2,747	2,747	2,724
	<u>-</u>	<u>2,747</u>	<u>2,747</u>	<u>2,724</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

4. Charitable activities	Grant funding £	Support costs £	2021 £	2020 £
Education	2,500	5,253	7,753	4,675
Research	42,801	24,001	66,802	68,846
	<u>45,301</u>	<u>29,254</u>	<u>74,555</u>	<u>73,521</u>
5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2021 Total £	2020 Total £
Education				
RSFS Annual Lecture – Cancelled	-	-	-	(200)
Woodland to Workshop Course	-	2,500	2,500	-
Research				
Future proofing British conifer forestry in response to Phytophthora ramorum - Cancelled	-	-	-	(39,500)
Who will pay for urban forest climate regulation services?	-	-	-	121
Regeneration and early growth for MOSES -GB- Forest Research - Cancelled	-	-	-	(3,750)
Ownership effects on benefits from woodland expansion - FR/UoE – Cancelled	-	-	-	(1,000)
Improving outcomes in montane woodland restoration	-	-	-	6,000
Addressing uncertainty to improve urban tree management – Southampton University	-	-	-	17,958
A century in forestry - Syd House	-	-	-	1,500
Wild service tree provenance trial	-	-	-	9,960
Untapped provenances of SS	-	-	-	14,814
Confor research priorities - Cancelled	-	(2,700)	(2,700)	2,700
Genetic diversity in juniper	-	-	-	27,252
Securing good quality acorn supply in the UK	-	-	-	10,000
Enhancing integrated pest management in forestry	22,411	28,524	50,935	-
Mapping and repositioning forestry skills – Cancelled	(2,433)	(2,501)	(4,934)	-
My Safety App Development – Cancelled	-	(500)	(500)	-
	<u>19,978</u>	<u>25,323</u>	<u>45,301</u>	<u>45,855</u>

All of the above research and education grants were made to institutions.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

6. Allocation of support costs

Support costs are allocated on the basis of estimated time spent on each activity and are shown in the table below:

Support and governance costs	Cost of raising funds £	Charitable activity - Education £	Charitable activity - Research £	2021 Total £	2020 Total £
Employment costs	1,557	2,335	11,675	15,567	19,927
Pension costs	55	83	414	552	-
Office costs	621	931	4,657	6,209	5,186
Trustees' expenses & meeting costs	77	115	576	768	1,284
Payroll	41	61	307	409	756
Bank charges	7	11	55	73	78
Professional fees	352	528	2,642	3,522	-
Website	24	35	177	236	-
Depreciation	13	20	101	134	-
Governance costs					
Audit fee	-	1,134	3,397	4,531	3,159
	<u>2,747</u>	<u>5,253</u>	<u>24,001</u>	<u>32,001</u>	<u>30,390</u>

The employment costs of the Director have been allocated in accordance with time spent on each activity.

7. Staff costs

	2021 £	2020 £
Director's salary	14,667	19,927
Social security costs	1,216	-
Pension cost	236	-
	<u>16,119</u>	<u>19,927</u>
	No.	No.
The average number of employees during the year was:		
Administration	<u>1</u>	<u>1</u>

During the year, the trustees received no remuneration, trustees received reimbursed expenses totalling £121 (2020: £1,284). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings. The Director was reimbursed for expenses of £647 during the year (2020: £nil).

No employee received emoluments over £60,000.

Total remuneration paid to key management personnel in the year was £16,119 (2020: £19,927).

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2020	-
Additions	670
At 31 March 2021	<u>670</u>
Depreciation	
At 1 April 2020	-
Charge for the year	134
At 31 March 2021	<u>134</u>
Net Book Value	
At 31 March 2021	<u><u>536</u></u>
At 31 March 2020	<u><u>-</u></u>

9. Investments

	2021 £	2020 £
Market value at 1 April	2,570,091	2,886,211
Additions at cost	504,131	49,375
Disposal proceeds	(537,355)	(49,761)
Net gains/(losses) on investments	470,060	(315,734)
Market value at 31 March	<u><u>3,006,927</u></u>	<u><u>2,570,091</u></u>
Historical cost at 31 March	<u><u>2,160,074</u></u>	<u><u>2,198,801</u></u>
Investments at 31 March 2021 representing over 5% of portfolio value:		
JP Morgan US Equity Income K – Net Income	205,172	157,462
Findlay Park US Smaller Co	<u>170,166</u>	<u>-</u>

All investments are carried at their market value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

As the main source of income to the Trust, the investment portfolio is key to the ongoing financial sustainability of the Trust as set out in the financial review, investment policy and risk management sections of the Trustees' Report.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility to yield. The Trust is reliant on dividend yield to fund its grant-making activities and this leads to a high exposure to the equity markets, not only in the UK but also overseas. However, the Trust holds relatively few overseas investments therefore limiting its exposure to exchange rate risk when converting holdings into sterling. Liquidity risk is anticipated to be low as all assets are traded in markets with good liquidity and high trading volumes and this is expected to continue.

The Trust manages these investment risks by retaining expert advisors and monitoring investment performance. The investment policy is reviewed annually to ensure the correct balance is maintained between dividend yield and capital growth to protect the real value of the portfolio in the longer term.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

10. Bank	2021	2020
	£	£
Operating accounts	257,543	258,483
Capital accounts with investment manager	44,716	34,414
	<u>302,259</u>	<u>292,897</u>

11. Debtors	2021	2020
	£	£
Accrued income	<u>6,402</u>	<u>7,693</u>

12. Creditors due within one year	2021	2020
	£	£
Other creditors	91,398	131,264
Accruals	10,336	8,281
	<u>101,734</u>	<u>139,545</u>

13. Creditors due after more than one year	2021	2020
	£	£
Other creditors	<u>80,516</u>	<u>67,710</u>

Included within other creditors in notes 12 and 13 are grants which have been approved but not paid at the year end. Committed grants fall due to be paid as follows:

	2021	2020
	£	£
Due within one year	91,398	131,264
Due between one and two years	30,528	36,834
Due between two and five years	49,988	30,876
	<u>171,914</u>	<u>198,974</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

14. Movement in Funds

	Balances at 1 April 2020 £	Incoming Resources £	Outgoing Resources £	Investment gains £	Transfers £	Balances at 31 Mar 2021 £
Restricted funds						
Bursary Award Scheme	32,673	17,000	-	-	-	49,673
Tilhill/QBE Fund	48,232	-	(19,978)	-	-	28,254
Scottish Woodlands Award	-	400	-	-	-	400
	<u>80,905</u>	<u>17,400</u>	<u>(19,978)</u>	<u>-</u>	<u>-</u>	<u>78,327</u>
Unrestricted funds						
Revenue fund	(66,922)	78,186	(75,086)	-	(670)	(64,492)
Capital fund	2,649,443	-	(134)	470,060	670	3,120,039
	<u>2,582,521</u>	<u>78,186</u>	<u>(75,220)</u>	<u>470,060</u>	<u>-</u>	<u>3,055,547</u>
	<u>2,663,426</u>	<u>95,586</u>	<u>(95,198)</u>	<u>470,060</u>	<u>-</u>	<u>3,133,874</u>

Restricted funds include a grant received from the Forestry Commission to be used to assist with funding The Bursary Award Scheme, and donations from Tilhill/QBE for assisting projects that research reducing risks in forestry establishment and management. Scottish Woodlands also provided £400 sponsorship of the Student Excellence Award.

The deficit on the Revenue Fund will be met out of unrestricted incoming resources receivable in the year to 31 March 2022.

	Balances at 1 Apr 2019 £	Incoming Resources £	Outgoing Resources £	Investment losses £	Balances at 31 Mar 2020 £
2020					
Restricted funds					
Bursary Award Scheme	21,903	-	10,770	-	32,673
Tilhill/QBE Fund	48,232	-	-	-	48,232
	<u>70,135</u>	<u>-</u>	<u>10,770</u>	<u>-</u>	<u>80,905</u>
Unrestricted funds					
Revenue fund	(63,118)	102,698	(106,502)	-	(66,922)
Capital fund	2,965,177	-	-	(315,734)	2,649,443
	<u>2,902,059</u>	<u>102,698</u>	<u>(106,502)</u>	<u>(315,734)</u>	<u>2,582,521</u>
	<u>2,972,194</u>	<u>102,698</u>	<u>(95,732)</u>	<u>(315,734)</u>	<u>2,663,426</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2021

15. Analysis of Net Assets between funds

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Fixed Assets	-	-	536	536
Investments	-	-	3,006,927	3,006,927
Current assets	137,144	58,941	112,576	308,661
Current liabilities	(25,790)	(75,944)	-	(101,734)
Liabilities due after more than one year	(33,027)	(47,489)	-	(80,516)
Total net assets	78,327	(64,492)	3,120,039	3,133,874

2020

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Investments	-	-	2,570,091	2,570,091
Current assets	152,265	68,973	79,352	300,590
Current liabilities	(38,897)	(100,648)	-	(139,545)
Liabilities due after more than one year	(32,463)	(35,247)	-	(67,710)
Total net assets	80,905	(66,922)	2,649,443	2,663,426

16. Related party transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (UK) Limited (ConFor) in accordance with an agreement dated 7 October 2008 and 1 July 2010. Ralland Browne is a member of the Board of Directors of ConFor. The Trust paid office rent of £2,470 (2020: £2,470) and administrative support costs of £1,803 (2020: £1,858).

The Trust received £17,000 (2020: £Nil) Partner funds from Scottish Forestry. Helen McKay (Trustee) is employed by Scottish Forestry. During the year the Trust paid £18,270 project contributions to projects led by Forest Research. Helen McKay is a honorary fellow of Forest Research. The Trust paid £8,052 as project expenditure to the University of Edinburgh where Trustee John Grace is employed.

There were no grants authorized during the year that were considered a related party transaction.

The Scottish Forestry Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SCOTTISH FORESTRY TRUST



Opinion

We have audited the financial statements of The Scottish Forestry Trust (the 'charity') for the year ended 31 March 2021, which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

The Scottish Forestry Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SCOTTISH FORESTRY TRUST (continued)



Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the information given in the financial statements is inconsistent in any material aspect with the trustees' report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements, which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- A review of bank transactions made during the year to identify any unusual transactions.

The Scottish Forestry Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF

THE SCOTTISH FORESTRY TRUST (continued)



Auditor's responsibilities for the audit of the financial statements (continued)

- Detailed testing of grants awarded and paid during the year to reconcile to the closing grants payable position.
- Review of minutes of board meetings throughout the period.
- Specific consideration was given to transactions with related parties.
- Completing testing on investments and investment income to ensure that they have been accounted for accurately and in the correct period.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Chiene + Tait LLP

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

12 AUGUST 2021

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

